

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

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R 181011Z SEP 76

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 4229

INFO AMEMBASSY ALGIERS

AMEMBASSY PARIS

AMEMBASSY TRIPOLI

C O N F I D E N T I A L SECTION 1 OF 2 TUNIS 6522

E.O. 11652: GDS

TAGS: PINT, TS

SUBJECT: HEDI NOUIRA AND THE RENTREE

REF: (A) TUNIS 3866, (B) TUNIS 5002, (C) TUNIS 6261, (C) TUNIS

A-104

1. SUMMARY: WITH THE END OF SUMMER AND RAMADHAN COINCIDING THIS YEAR, TUNISIANS RETURN FROM A LONG BREAK IN THE NORMAL PACE OF ECONOMIC AND POLITICAL LIFE TO FACE THE PROBLEMS WHICH THEY HAVE LEFT IN SUSPENSE SINCE JUNE. AFTER A SUMMER OF UNUSUAL POLITICAL ACTIVITY, HOWEVER, PRIME MINISTER HEDI NOUIRA APPEARS TO BE IN A STRONGER POSITION POLITICALLY AND MORE ABLE TO COMMAND A FOLLOWING WITHIN THE GOVERNMENT. PSD DIRECTOR MOHAMED SAYAH HAS RECENTLY BEEN SIGNIFICANTLY WEAKENED AND THE GOT APPEARS TO BE FORMULATING A NEW, CONCILIATORY POLICY TOWARD DISSIDENT STUDENTS. ALSO, GOT IS MOVING TOWARD IMPLEMENTATION OF FIFTH DEVELOPMENT PLAN THAT PROMISES CONTINUING EXPANSION OF JOB MARKET AND HOUSING CONSTRUCTION--KEY PROBLEM AREAS THAT CONTRIBUTE TO SOCIAL UNREST. WIDESCALE DISCONTENT CONTINUES BENEATH THE SURFACE AND COULD ERUPT AGAIN TO SHAKE CONFIDENCE IN REGIME, BUT FOR THE MOMENT TUNISIA SEEMS TO BE BACK
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ON AN EVEN KEEL, WITH A PROMISING ECONOMIC FUTURE.

END SUMMARY.

2. WITH THE AID EL-FITR FEAST MARKING THE CLOSE OF RAMADHAN, COINCIDING THIS YEAR WITH THE END OF SUMMER, TUNISIANS ARE PREPARING FOR THE ANNUAL RENTREE TO A NORMAL PACE OF ECONOMIC AND POLITICAL LIFE AND THE PROBLEMS THAT HAVE BEEN LEFT MORE OR LESS IN SUSPENSE SINCE JUNE. ONE AND A QUARTER MILLION YOUTHS, INCLUDING 20,000 UNIVERSITY STUDENTS, RETURN TO CLASSES, THE GOT AND THE PRIVATE SECTOR GO BACK TO NORMAL WORK SCHEDULES AND TUNISIANS IN GENERAL PAY CLOSER ATTENTION TO QUESTIONS AS FRIVOLOUS AS THE SUNDAY FOOTBALL SCORES AND AS IMPORTANT AS PRESIDENT BOURGUIBA'S STATE OF HEALTH.

3. AFTER THE TROUBLING EXPERIENCE OF STRIKES AND STUDENT TROUBLES IN MAY AND A SUMMER OF UNUSUAL POLITICAL DEVELOPMENTS, INCLUDING THE FIRST STAOEMENT BY A RESPONSIBLE OFFICIAL THAT PRESIDENT BOURGUIBA IS NOT PERSONALLY RUNNING DAY-TO-DAY AFFAIRS, TUNISIANS ARE NOW APPRAISING THE FUTURE IN LIGHT OF THESE DEVELOPMENTS. THERE IS A BUSINESS-AS-USUAL AIR IN TUNIS, BUT WITH AN UNDERCURRENT THAT SIGNIFICANT CHANGE COULD BE IN THE OFFING.

4. FIRST IMPORTANT QUESTION POSED IS HEDI NOUIRA'S STYING POWER. AS JUMPING-OFF DATE FOR FIRTH DEVELOPMENT PLAN APPROACHES, ATTENTION IS FOCUSED ON ITS IMPLEMENTATION. NOUIRA GAVE FIRST PUBLIC, COMPREHENSIVE DESCRIPTION OF PLAN AT JULY 2 PSD CENTRAL COMMITTEE MEETING. IT WAS CLEARLY HIS PLAN AND ITS UNVEILING DISPLAYED HIM PUBLICLY AS THE MASTER OF IMPORTANT SOCIO/ECONOMIC POLICY FORMULATION IN A WAY THAT HAD BEEN PREVIOUSLY LACKING. IT MADE HIM LOOK AS THOUGH HE WAS IN CHARGE.

5. UNVEILING OF PLAN WAS FOLLOWED SHORTLY BY SHAKING DOWN OF POLITICAL APPARATUS IN WHICH PSD DIRECTOR MOHAMED SAYAJIS MANY ENEMIES FINALLY SUCCEEDED IN WEAKENING HIM. WHILE NOUIRA APPARENTLY DID NOT SPEAR-HEAD ANTI-SAYAH CABAL, HE LENT HIS SUPPORT AND THIS FIRST-TIME MOVE INTO POLITICAL ARENA GAVE HIM A DIMENSION HE HAD PREVIOUSLY LACKED. IT IS NOT YET CLEAR WHAT BENEFIT

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WILL BE TO NOUIRA, BUT IT HAS AT LEAST CAUSED TUNISIAN ELITE TO REEVALUATE HIS POLITICAL ROLE. IN RECENT DAYS GOT HAS APPEARED TO BE MOVING TENTATIVELY TOWARD LETTING UNIVERSITY STUDENTS FORM ASSOCIATIONS INDEPENDENT OF PARTY AUTHORITY. THIS HAS BEEN A HEATED ISSUE SINCE 1971, AND THE GOT'S ADAMANT REFUSAL TO ENTERTAIN IDEA OF FREE STUDENT ASSOCIATIONS HAS BEEN ONE OF THE LEADING CAUSES OF CHRONIC DISRUPTION OF HIGHER EDUCATION. IF GOT

FOLLOWS THROUGH ON PROMISES MADE IN PUBLIC STATEMENTS,
IT COULD BUY ITSELF SOME PEACE WITH DISSIDENT STUDENTS
AND REMOVE THIS IRRITANT FROM POLITICAL SCENE. THE
PAYOFF FOR NOUIRA FROM THIS WOULD BE CONSIDERABLE DESPITE
EXPECTATION THAT FREE STUDENT ASSOCIATIONS WOULD BE
HARDENED OPPONENTS OF HIS ECONOMIC POLICIES.

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C O N F I D E N T I A L SECTION 2 OF 2 TUNIS 6522

6. FOR NEAR TERM AT LEAST, NOUIRA LOOKS STRONG. HE
HAS AUTHORED AND MANAGED SUCCESSFUL ECONOMIC POLICY OVER
PAST SIX YEARS AND HIS FIFTH PLAN PROMISES CONTINUED
DEVELOPMENT POINTED TOWARD SATISFYING MOST PRESSING
SOCIAL DEMANDS--JOB CREATION AND HOUSING. THIS IS
WHAT BOURGUIBA WANTS AND HE IS UNLIKELY TO REMOVE FROM
POWER THE MAN WHO PULLED TUNISIA OUT OF THE BEN SALAH
DOLDRUMS. SENIOR GOVERNMENT AND PARTY LEADERS, MANY OF
WHOM LUST AFTER NOUIRA'S JOB, WILL PROBABLY CONTINUE
TO CARP AGAINST HIM AND COULD CONVINCE BOURGUIBA THAT
THEY COULD DO A BETTER JOB, BUT FOR THE MOMENT NOUIRA'S
BEST DEFENSE IS HIS SUCCESS.

7. NEVERTHELESS, DISCONTENT AND POTENTIAL UNREST ARE
JUST BELOW THE SURFACE AND COULD ERUPT, AS THEY DID IN
MAY, OVER A POLITICAL INCIDENT OR UNFAVORABLE ECONOMIC
CONDITIONS. YOUTH REMAINS LARGELY ESTRANGED, WORKERS

ARE ILL-AT-EASE IN THEIR INDUSTRIALIZING ENVIRONMENT
WITH INFLATION RAMPANT, THE PARTY STRUCTURE HAS ATROPHIED,
AND ALGERIAN/LIBYAN ANIMOSITY TOWARD THE CURRENT TUNISIAN
REGIME INFLUENCES THEM TO SUPPORT VARIOUS RADICAL DISSIDENTS.
IF TROUBLE ERUPTS AGAIN, TUNISIANS ARE LIKELY TO FEEL
THEIR INSTITUTIONS MAY NOT WEATHER THE STORM, ESPECIALLY
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IF BOURGUIBA HIMSELF CANNOT BE CALLED ON TO EXERCISE
HIS POLITICAL AUTHORITY TO CALM THE WAVES. WHEN
BOURGUIBA IS GONE, CONTENDERS FOR POWER--SUCH AS AHMED
BAN SALAH, MOHAMED MASMOUDI, AHMED MESTIRI, AND PERHAPS
SOME IN THE CURRENT POWER STRUCTURE-- MAY APPEAL TO THE
MASSES OUTSIDE THE MECHANISMS OF THE ONE-PARTY SYSTEM.
IN A SITUATION LIKE THAT, HEDI NOUIRA, THE BLAND BANKER,
COULD BE IN SERIOUS POLITICAL TROUBLE.

8. NOUIRA MAY HAVE PLANNED TROUBLE FOR HIMSELF OF A
MORE CERTAIN NATURE. THE FIFTH DEVELOPMENT PLAN CALLS
FOR REDUCING THE ANNUAL INCREASE OF PRIVATE CONSUMPTION
FROM THE 8.8 PERCENT LEVEL IT HAS AVERAGED SINCE 1971
TO A MORE MODEST RATE OF 6.6 PERCENT. THE HIGH RATE
OF INCREASE IN CONSUMPTION IN THE FOURTH PLAN WAS
LARGELY DESIGNED TO BUY A MEASURE OF SOCIAL PEACE; THE
LOWER LEVEL UNDER THE NEW PLAN IS INTENDED TO ACCUMULATE
MORE DOMESTIC CAPITAL FOR THE DEVELOPMENT EFFORT. THE
EFFECT OF THIS CHANGE ON THE CONSUMPTION LEVEL AND/OR
PATTERN OF THE MASSES WILL NOT BE FELT FOR AT LEAST
ANOTHER YEAR, BUT THE JOBS CREATED BY THE HIGHER INVEST-
MENT LEVELS SHOULD MAKE EMPLOYMENT EASIER TO FIND AND
PERHAPS MORE REMUNERATIVE. TO MEET THE INVESTMENT LEVELS,
THE GOVERNMENT WILL BE REQUIRED TO MOBILIZE LARGE SUMS
FROM THE PRIVATE ECONOMY THROUGH THE BANKING SYSTEM BY
REDIRECTING BANK LENDING FROM CONSUMPTION TO INVESTMENT.
NEVERTHELESS, PRIVATE SECTOR INVESTMENT AND SUCCESS STORIES
ARE LIKELY TO LEAD TO FURTHER CONSPICUOUS CONSUMPTION
(E.G., ELEGANT VILLAS, MERCEDES 450'S) AMONG THESE
ENTREPRENEURS. THE REACTION OF THE COMMON TUNISIAN TO
THIS WILL NOT BENEFIT HEDI NOUIRA'S POLITICAL FORTUNES.
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